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HONORABLE FREDERICK P. CORBIT
CHAPTER 11 PROCEEDING

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON

In re: ASIF RAZA MALIK and FALZA FAYAZ KHAN, Debtors.	No. 17-00515-FPC11
ADNAN S. AMIN, a married person and OSAMA B. NASEER, a married person, NASEER & AMIN PLLC, a Washington professional limited liability company, Plaintiffs, vs. ASIF RAZA MALIK, a married person and FALZA FAYAZ KHAN, a married person, and the marital risk comprised of ASIF RAZA MALIK and FALZA FAYAZ KHAN, Defendants.	Adv. Proc. No. ________________ **COMPLAINT FOR EXCEPTIONS TO DISCHARGE, 11 U.S.C. § 523(a)(2); 11 U.S.C. § 523(a)(4)**

COME NOW, the Plaintiffs Adnan S. Amin, a married person; Osama B. Naseer, a married person and Naseer & Amin PLLC, a Washington professional limited liability company by and through their attorney of record Gregg R. Smith, Paine Hamblen LLP who complains as follows:

I.

JURISDICTION AND VENUE

1.0 This adversary action flows from the herein captioned Debtors Chapter 11 bankruptcy proceedings that have been filed within the Eastern District of Washington Bankruptcy Court.

1.1 Subject matter jurisdiction over bankruptcy matters rests with the district court, 28 U.S.C. § 1334, and the assignment of cases from the district court to the bankruptcy court, 28 U.S.C. § 157.

1.2 Jurisdiction over this matter is further founded upon 11 U.S.C. § 523, for those causes of action alleged herein.

1.3 Venue is proper within the Eastern District of Washington as this is the district in which the underlying bankruptcy case resides.

1.4 Plaintiff Admin S. Amin, a member of a marital community, is a creditor in the herein captioned bankruptcy and otherwise a party in interest. Plaintiff Amin also is board certified in psychiatry and is a medical doctor in Spokane, Washington.

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1.5 Plaintiff Osama B. Naseer, a member of a marital community, is a creditor in the herein captioned bankruptcy and is also a party in interest herein. Plaintiff Naseer is a family practice medical doctor in Fargo, North Dakota.

1.6 Plaintiff Naseer & Amin PLLC, is a Washington domestic professional limited liability company that was formed on or about April 12, 2016 in which Plaintiff Admin S. Amin is its registered agent. All fees and assessments have been paid.

1.7 Defendant Asif Malik, a married person, is the debtor in the herein captioned bankruptcy proceedings. Defendant Asif Malik is furthermore the 100% owner and governor of Cascade Health Services, PLLC.

1.8 Defendant Falza Khan, a married person, is a debtor in the herein captioned bankruptcy proceedings. All acts complained of herein were carried out on behalf of the marital res comprised of Asif Malik and Falza Khan.

II.

MATERIAL FACTS

2.0 All previous allegations by this reference are restated as though fully set forth herein.

2.1 Plaintiff Amin and Defendant Malik became known to each other as medical school classmates.

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2.1.1 Defendant Malik further cultivated his friendship with Plaintiff Amin during residencies that were carried out in Fargo, North Dakota, and he eventually encouraged Plaintiff Amin to move to Spokane, Washington.

2.2 During or about 2013, Defendant Malik introduced to Plaintiff Amin to a nephew, Mr. Omear Khalid. Representations were made by Defendant that Mr. Khalid was a licensed securities broker and employed by Goldman Sachs in New York. It was further represented by Defendant that Mr. Khalid had significant experience in finance and business management as a part of his employment with Goldman Sachs.

2.3 Commencing in the spring of 2013, Defendant Malik and Mr. Khalid began to solicit investment monies from Plaintiff Amin.

2.3.1 On or about March 13, 2013, Defendant Malik and Mr. Khalid provided to Plaintiff Amin a written "investment proposal" containing the following expressed representations:

a. "[O]ur 'Hybrid Private Equity Model' ...is an innovative strategy for allowing qualified investors to enjoy the similar returns experienced by some of the most exclusive alternative asset managers working today – at a fraction of the normal buy-in, and with significantly increased certainty& (sic) downside protection."

b. "[W]e not only maintain a sound operational model that minimizes acquisition risk, but we ensure superior results &on-time (sic) amortization of investor capital."

c. "[W]e are conservatively targeting returns of 15 to 20% per year."

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2.4 Again, in the spring of 2014, Defendants solicited Plaintiff Amin to invest at least $300,000 and to assist in raising between $800,000 - $1,000,000 by means of commercial loans.

2.4.1 Plaintiff Amin declined to invest in the 2014 project for personal reasons.

2.5 Plaintiffs Amin and Naseer, based on prior representations made by Defendants and Defendants' agent Omear Khalid, contacted Defendants in 2015 regarding the possibility of investing in an urgent care clinic.

2.5.1 Defendants rejected Plaintiffs' inquiry into a possible financing investment in an urgent care clinic, and instead offered an investment into the primary care clinics that comprised Cascade Health Services, PLLC. Defendants sought the investment from each of the Plaintiffs into said healthcare clinics of $100,000 each.

2.6 Defendant Malik and Omear Khalid represented to Plaintiffs Amin and Naseer that they invest in a proposed joint venture involving Defendant Malik, and Omear Khalid on the basis of the following representations:

2.6.1 That the existing Cascade Health Services clinics were successful primary care medical clinics, including a clinic in Silverdale, Washington;

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2.6.2 Plaintiffs Amin and Naseer were offered a combined 50% of the net profits from the proposed joint venture as a return on said Plaintiffs' investment;

2.6.3 Defendants agreed to set up, operate and manage their proposed Sequim Clinic which was to become joint venture with Cascade Health Services, PLLC;

2.6.4 Defendants were to assume all risk of the business operations;

2.6.5 Defendants encouraged Plaintiffs Amin and Naseer to participate in the joint venture through a yet-to-be-formed professional limited liability company, which became Plaintiff Naseer & Amin PLLC; and

2.6.6 Defendants agreed to set up Plaintiff Amin and Naseer's new PLLC by creating and filing the Articles of Organization with the Washington Secretary of State, securing business licenses, and obtaining a Federal Tax Identification Number.

2.7 Defendants did not disclose to Plaintiffs that the primary care clinics comprised of Cascade Health Services, PLLC were losing money and were experiencing significant financial difficulties.

2.7.1 On information and belief Cascade Health Services, PLLC had net liabilities in excess of its assets commencing in or about late 2015.

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2.8 During January of 2016, Plaintiffs were introduced to an agent of Defendants Andrew Lebwohl, an attorney and confederate of Defendant Malik. Attorney Libwohl is, on information and belief, a licensed New York attorney, who is not licensed as an attorney in any capacity within the state of Washington at any time material.

2.9 On or about January 18, 2016, Defendants and their agent Omear Khalid, provided to Plaintiffs Amin and Naseer a draft "Joint Venture Agreement" prepared by Andrew Lebwohl, expressly representing to Plaintiffs Amin and Naseer that (1) "You will invest $200,000" through a to-be-formed professional limited liability company; (2) "We will each own 50% of the equity in the clinic"; (3) "Cascade will be liable for any startup costs in excess of $200,000; (4) "You will not be liable for any losses resulting from medical malpractice or gross negligence or internal misconduct of management"; and (5) "We are happy to establish the appropriate PLLC on your behalf."

2.9.1 It was further represented that the "first $20,000 will be due immediately upon signature. . . ."

2.10 On or about January 20, 2016 Defendants and/or the agents and confederates of Defendants Khalid and Lebwohl provided to Plaintiffs Amin and Naseer a "Letter of Intent" previously prepared by Mr. Lebwohl which expressly directed said Plaintiffs to transfer money out of Plaintiffs' respective bank accounts into the Wells Fargo Bank account of Cascade Health Services, "pursuant to wiring instructions attached hereto."

2.10.1 On or about January 20, 2016, in reliance upon the representations of Defendants and those persons affiliated with Defendants, Plaintiffs Amin and Naseer did in fact execute the "Letter of Intent."

2.11 On or about January 22, 2016, Plaintiff Amin provided Defendants and Cascade Health Services, PLLC with $10,000 of the agreed upon $100,000 investment, which was accomplished by wire transfer from Plaintiff Amin's Washington Trust Bank account directly into said Wells Fargo Bank account, pursuant to those previously issued wiring instructions.

2.12 On or about January 22, 2016, Plaintiff Naseer delivered to Defendants and Cascade Health Services, PLLC the sum of $10,000 of his promised $100,000 investment by means of said wire transfer to the Wells Fargo Bank account, and pursuant to those wiring instructions contained within said "Letter of Intent."

2.13 On or about February 3, 2016, Plaintiff Amin paid an additional $50,000 by check from Plaintiff Amin's SunTrust Bank account to Defendants.

2.14 On or about February 23, 2016, Plaintiff Naseer paid the sum of $50,000 by means of wire transfer into Wells Fargo Bank on behalf of Cascade Health Services, PLLC.

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2.15 During or about March of 2016, in furtherance of the fraudulent scheme, Defendants provided to Plaintiffs Amin and Naseer a "Sequim Clinic Rollout Overview" as well as a purported "Rollout Budget."

2.16 On or about April 5, 2016, Plaintiff Amin delivered to Defendant a check in the amount of $40,000, thus fulfilling the entire $100,000 investment commitment made by said Plaintiff.

2.17 On or about April 6, 2016, Plaintiffs Amin and Naseer were delivered a Joint Venture Agreement that had been prepared by Andrew Lebwohl on behalf of Cascade Health Services, PLLC. Said Joint Venture Agreement provided the following expressed representations:

2.17.1 "[T]he legal title to the Joint Venture property and assets, including the Joint Venture itself, shall remain in the name of the Joint Venture;"

2.17.2 "The Joint Venture shall not engage in any other business or activity without the written consent of the Joint Venturers;"

2.17.3 "Cascade Health Services PLLC shall make such other capital contributions required to enable the Joint Venture to carry out its purposes;"

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2.17.4 "Cascade Health Services PLLC shall arrange for or provide any financing as may be required by the Joint Venture for carrying out the purposes of the Joint Venture;"

2.17.5 "All losses and disbursements in acquiring the Joint Venture in excess of the Initial Contribution shall be paid by Cascade Health Services PLLC;" and

2.17.6 "The duties of Naseer and Amin PLLC are: Contribute start-up capital for the Joint Venture."

2.18 On or about April 12, 2016, Defendant and others affiliated with Defendant Malik, all of whom are non-lawyers under Washington law, organized Plaintiff Naseer & Amin PLLC, a Washington domestic professional limited liability company by preparing a Certificate of Organization as provided by the Washington Secretary of State. However, in breach of various promises and representations, Defendants and their agent Andrew Lebwohl, failed or refused to timely file Plaintiff Naseer & Amin PLLC's Initial Report, obtain necessary business licenses, or to acquire a Federal Tax Identification Number.

2.19 On or about April 18, 2016, in furtherance of Defendants unlawful and deceptive conspiracy to injure Plaintiffs, said Defendants and those affiliated with Defendant Malik completed or altered certain medical equipment finance agreements and/or personal guarantees by signing those written instruments on behalf of Plaintiffs Amin and Naseer without Plaintiffs' knowledge or consent.

2.20 Subsequently Defendant Malik, and others affiliated therewith, applied for and did in fact obtain commercial credit from EverBank Commercial Finance, Inc. in excess of $75,000 by submitting those fraudulently executed finance agreements, including personal guarantees that had the forged names of Plaintiffs Amin and Naseer, with the intent to injure and defraud Plaintiffs Amin and Naseer and cause them to be personally liable for the guarantee of said EverBank debt.

2.21 On or about April 30, 2016, Plaintiff Naseer tendered an additional $40,000 by means of wire transfer to the Wells Fargo Bank account maintained on behalf of Cascade Health Services and therefore fulfilling his $100,000 investment commitment.

2.22 In breach of Defendants' previous representations, promises and assertions concerning the purpose of Plaintiffs' "investment" funds, Defendant Malik and/or his agents transferred and/or withdrew Plaintiffs' $200,000 in "investment" monies from the Wells Fargo Bank account maintained by Cascade Health Services in order to pay certain personal and business expenses unrelated to the purported "Joint Venture" all without Plaintiffs' knowledge and/or consent.

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2.23 During or about April of 2016, Plaintiffs Amin and Naseer were solicited to invest in a "second clinic" and the relocation of the existing Silverdale Clinic through a personal guarantee of the BHG commercial loan in the amount of approximately $550,000 to accomplish said practice expansion.

2.24 In reliance upon the false representations, promises and assertions regarding the purpose of said business loan as being "practice expansion" as well as the specific misrepresentations and omissions concerning the purported success of said Silverdale Clinic, Plaintiffs agreed to personally guarantee a commercial loan issued by Bankers Healthcare Group LLC ("BHG").

2.25 On or about May 5, 2016, Plaintiffs Amin and Naseer did in fact execute said BHG loan documents and personal guarantees related to the BHG loan at the principal amount of $549,245 with a total repayment obligation in excess of $814,000.

2.25.1 On or about May 9, 2016, BHG wire transferred the sum of $498,857.43 directly into the Wells Fargo Bank account maintained on behalf of Cascade Health Services. As of December 31, 2016, the outstanding balance on said BHG loan was, on information and belief approximately $518,000.

2.25.2 As of the May 9, 2016 wire transfer, there was no second clinic in which to invest in and the Silverdale Clinic was not relocated as misrepresented by Defendant on the Statement of Intended Primary Purpose of Loan, which was sworn to be "practice expansion."

2.26 Between the time period of May 2016 and December of 2016, after entering into the loan guarantee of $549,245 and the direct investments of cash in the amounts of $200,000, Plaintiffs were continually solicited by Defendant Malik and his agents to invest more money by means of emails, text messages and telephone calls.

2.26.1 Plaintiff Amin did invest the additional sum of $100,000 on or about October 5, 2016, based on the direct representations of Defendant Malik and others on behalf of Cascade Health Services that Cascade Health Services was only subject to a temporary financial problem related to the Sequim clinic and caused by the billing company.

2.26.2 Plaintiff Amin further solicited and did invest an additional sum of $30,000 on or about November 7, 2016.

2.26.3 Plaintiff Amin finally made an investment in the amount of $7,500 on or about November 27, 2016 on the basis of representations made by Defendant Malik.

2.27 Defendants made representations as late as November 2016 that Cascade Health Services was profitable and would return a sound dividend on said investments made by Plaintiffs.

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2.27.1 Plaintiffs were never aware that federal and state employment and other taxes had not been paid by Cascade Health Services. Defendant Malik did not disclose the fact that the IRS had filed a Federal Tax Lien with regard to Cascade Health Services in a sum in excess of $200,000.

2.28 The investments made by Plaintiffs were diverted by Defendants, and those agents and confederates of Defendant Malik from the stated purposes represented by said Defendants and others to Plaintiffs. Said investment monies were paid towards the reduction of past due and owing operational expenses, and personal expenses of said Defendants, not practice expansion and investment.

2.29 The BHG loan was issued for the stated purpose of practice expansion, the actual usage of said BHG loan was the payment of expenses, ongoing bills, and personal expenses of Defendant Malik and other agents and confederates of said Defendants.

2.30 Plaintiffs invested on the basis of the written and oral representations of Defendants as well as those agents and confederates of said Defendants. Said Plaintiffs relied upon the managerial expertise contained in said representations by Defendants and others affiliated with Defendants with the specific expectation of receiving a return on their investment.

2.30.1 Plaintiffs were not provided with copies of the books and records of Cascade Health Services, PLLC or any other documents that

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would tend to support the representations that were made by Defendants to said Plaintiffs until or about January of 2017.

III.

STATUS OF RELATED PROCEEDINGS

3.0 All previous allegations by this reference are restated as though fully set forth herein.

3.1 Cascade Health Services, PLLC has sought bankruptcy protection within the Eastern District of Washington, Cause No. 17-01066-FPC7.

3.1.1 The First Meeting of Creditors for Cascade Health Services, PLLC is scheduled to be completed by means of a bankruptcy procedure Rule 2000 Bankruptcy Rule of Procedures 2004 Examination. ECF 54.

3.2 Pending before the Spokane County Superior Court is a Complaint and Jury Demand captioned *ADNAN S. AMIN, a married person; OSAMA B. NASEER, a married person; and NASEER AND AMIN PLLC, a Washington professional limited liability company v. CASCADE HEALTH SERVICES, PLLC, a Washington professional limited liability company; OMEAR KHALID and MURIUM KHALID, husband and wife; ANDREW Z. LEBWOHL and JANE DOE LEBWOHL, husband and wife; and JOHN DOES NOS. 1-10*, Cause No. 17201012-4.

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3.2.1 Herein captioned Defendants are not presently named as defendants in said state court proceedings due to the fact that said parties had sought bankruptcy protection prior to the date in which said state court complaint was filed.

3.3 Pending before this bankruptcy court is a Motion to Lift the Stay of Proceedings to allow for the amending of state court complaint so as to name the herein captioned adversary defendants as defendants in said proceeding. See generally, 17-00515-FPC11, ECF 75.

3.4 Pending before the Cascade health Services bankruptcy court is a Motion to Lift the Stay of Proceedings to allow for the state court proceedings to continue as it relates to therein named Cascade Health Services, PLLC. See generally, 17-01066-FPC7, ECF 18.

3.5 Said state court complaint and the proposed amended state court complaint alleged various causes of action arising under state laws.

3.6 The instant adversary complaint seeks only to prevent the herein captioned Defendants from discharging the claims of Plaintiffs related to the investments and loans that have been guaranteed by said Plaintiffs.

IV.

FIRST CAUSE OF ACTION
EXCEPTION TO DISCHARGE PREMISED UPON A DEBT ARISING FROM THE MONEY OR THE OBTAINING OF CREDIT

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OF MEANS OF FALSE PREMISES A FALSE REPRESENTATION OR ACTUAL FRAUD, PURSUANT TO 11 U.S.C. § 523(a)(2)(A)

4.0 All previous allegations by this reference are restated as though fully set forth herein.

4.1 Defendant Malik directly embarked on a scheme to obtain money, and loan guarantees from a former medical school classmate and others over a course of time commencing in 2013 and ending in late 2016.

4.2 The basis of the scheme to defraud Plaintiffs was founded upon the long term familiarity with Plaintiffs and the belief that a friendship and trusting relationship had come to exist.

4.3 Defendant Malik is the sole member and manager of Cascade Health Services, PLLC.

4.3.1 Defendant Malik delegated certain tasks and assignments to Omear Khalid, as the publically stated chief executive officer of Cascade Health Services, PLLC and Andrew Lebwohl publically represented as strategic and operations officer and general counsel of said Debtors' business entity.

4.3.2 Defendants materially participated in the false and fraudulent representations that were made to Plaintiffs by means of telephonic and

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written communications designed to solicit investment funds and/or the guarantee of loans by Plaintiffs.

4.3.3 Defendant Malik approved and ratified the acts carried out by Omear Khalid and Andrew Lebwohl on behalf of Cascade Health Services, PLLC, which were designed to solicit investments and secure loan guarantees by Plaintiffs.

4.4 The statements regarding the profitability of Cascade Health Services, PLLC, which were made to Plaintiffs were known to be false by Defendants at the time in which said statements were made for a purpose of soliciting investments and loan guarantees by Plaintiffs.

4.4.1 The specific statements that falsely stated the profitability of Cascade Health Services, PLLC were made prior to the investments made by said Plaintiffs, entering into the Joint Venture Agreement and formation of Plaintiff Naseer and Amin PLLC, as well as the loan guarantees given to BHG. The time period in which these false statements regarding the profitability and investment potential of the business entity owned and operated by Defendants was on or about December of 2015 through December of 2016.

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4.4.2 On information and belief Cascade Health Services, PLLC had earned no profits during the calendar year 2016 and all times material had liabilities in excess of its assets.

4.5 The actual purpose of the investment proceeds paid by Plaintiffs, which was at no time disclosed to Plaintiffs, was to pay existing liabilities and for the payments made directly to Defendants and others.

4.5.1 The representations made by Defendants and others acting in concert with Defendants were that the investment monies were to be used to expand the primary care clinics operated by Cascade Health Services, PLLC.

4.6 Plaintiff Naseer and Amin PLLC was created as a result of the direct representations by the Defendants and others acting on behalf and through the ratification of Defendants that this business entity would be created as a part of the Joint Venture Agreement that was designed to own and operate a medical clinic as part of Cascade Health Services, PLLC.

4.7 The representations made to Plaintiffs regarding the need and purpose of the BHG loan were that the proceeds of said loan would be used for "practice expansion," namely clinic relocation and an additional clinic. .

4.7.1 Plaintiffs were never told that the BHG loan proceeds were to be used for payment of existing business debts, and payments to Defendants and others, including Omear Khalid and Andrew Lebwohl.

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4.8 Plaintiffs were not informed that the federal payroll and other taxes had not been paid with regard to Cascade Health Services, PLLC.

4.8.1 Plaintiffs were never given access to the books and records prior to the time of the investments wherein they could have discovered that Cascade Health Services, PLLC was deeply in debt and that the practice locations, despite representations to the contrary, were not profitable.

4.9 Plaintiffs trusted and relied upon the Defendants' representations based in the long standing personal and professional relationship that had been established.

4.9.1 Plaintiffs relied upon the representations of Defendant Malik and those persons, namely Omear Khalid and Andrew Lebwohl who claims and specifically represented themselves as having financial and managerial expertise, and in the case of Andrew Lebwohl, experience as a business attorney.

4.10 Based on a specific visit by the Plaintiffs to the primary care clinics operated by Cascade Health Services, PLLC, and the history and knowledge of Defendants, Plaintiffs had a right to rely upon the representations that resulted in the payment of investments and the loan guarantees that were given to BHG.

4.10.1 Plaintiffs had a right to rely on the representations that were made by Omear Khalid, as a person acting in the capacity of chief executive

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officer and agent of Defendants. Plaintiffs furthermore had a right to rely upon the representations made by Andrew Lebwohl acting as the operations and chief strategic officer and general counsel of Cascade Health Services, PLLC.

4.11 Plaintiffs have been damaged by the loss of their investments into Cascade Health Services, PLLC in the total amount of $337,500, plus the loan guarantees of the BHG loan in amounts to be determined.

4.11.1 Plaintiffs furthermore paid in January, 2017 certain sums of money to prevent the immediate closure of the clinics in the amount of $10,000, as additional damages.

V.

SECOND CAUSE OF ACTION
DENIAL OF DISCHARGE AS A RESULT OF MONEY PROPERTY SERVICES AND THE EXTENSION OF CREDIT OBTAINED BY THE USE OF A STATEMENT IN WRITING. 11 U.S.C. § 523(a)(2)(B)

5.0 All previous allegations by this reference are restated as though fully set forth herein.

5.1 Defendant Malik and others acting under his control and authority delivered to Plaintiffs Amin and Naseer various emails and text messages and other writings containing statements with regard to the profitability with Cascade Health Services, and the expansion of the practice through the construction of an

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additional clinic as material part of the scheme to solicit investment monies from said Plaintiffs.

5.1.1 Said written solicitations with regard to the profitability of Cascade Health Services, PLLC as well as the expansion thereof, occurred from or about December 2015 to January 20, 2016, in which the "Letter of Intent" was signed by Plaintiffs Amin and Naseer.

5.2 Defendants' written statements stating that Cascade Health Services, PLLC was profitable and that the monies to be invested in the joint venture was materially false, and known to be materially false at the time in which said statements were made by Defendant Malik, and others under his authority and control.

5.2.1 The Joint Venture Agreement that was contemplated by the Letter of Intent required an investment of money designed for the setup of an additional medical clinic.

5.2.2 The money invested in the joint venture was actually used for existing expenses and payments to Defendants and others.

5.3 Pursuant to the signed Joint Venture Agreement which took place on April 4, 2016, Plaintiffs received from Defendants and others under Defendants' control, various written email and other statements concerning the profitability of

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the purported proposed joint venture, the setup of an additional clinic, and the profitability of Cascade Health Services, PLLC.

5.3.1 Plaintiffs signed the Joint Venture Agreement on April 6, 2016. Plaintiffs signed said Joint Venture Agreement as members of Plaintiff Naseer and Amin PLLC, the business entity that was formed by Andrew Lebwohl, as a part and a condition of said Joint Venture Agreement.

5.4 Plaintiffs Amin and Naseer each paid the requested investment of $100,000 for a total of $200,000 on and before April 6, 2016, as required by the terms of said Joint Venture Agreement. Said payments totaling $200,000 were required under the terms of the Joint Venture agreement and signed by Plaintiff Naseer and Amin PLLC.

5.5 Plaintiff Naseer and Amin PLLC operated by and through Plaintiffs Amin and Nasser was formed by Andrew Lebwohl, under the direction of Defendants to carry out the terms and conditions of said Joint Venture Agreement.

5.6 Defendant Malik represented in writing that the BHG loan was for "practice expansion," which was consistent and part of the representations made within the Joint Venture Agreement.

5.6.1 Plaintiffs Amin and Naseer were asked and did provide personal guarantees to the BHG loan on the basis of the written representations, including the Statement of Purpose that said the loan's

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proceeds would be used for "practice expansion" as signed by Defendant Malik.

5.7 The proceeds of the BHG loan were utilized for the payment of expenses and the payments to Defendants and others.

5.8 At various times between April 2016 and October of 2016, Defendant Malik contacted Plaintiff Amin, either directly or by and through others under said Defendants' control and authority, by means of email and other writings to solicit a total of an additional $137,500 from said Plaintiff.

5.8.1 Said $137,500 was paid as follows: $100,000 paid on or about October 5, 2016; $30,000 paid by said Plaintiff on or about October 7, 2016; and a final sum paid by said Plaintiff in the amount of $7,500 on or about November 21, 2016.

5.8.2 The stated purpose of said monies being invested by Plaintiff Amin during the time period of October through November 2016 was for financial support for operations suffering from cash flow problems related to a dispute with the billing agency.

5.8.3 Defendants failed or refused to inform Plaintiff Amin during the time period prior to the investments that were made during October and November of 2016 about the dire financial condition of Cascade Health

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Services, PLLC, including the fact that federal payroll and other state and federal taxes had not been paid.

5.9 Defendants informed Plaintiffs of the true financial condition of Cascade Health Services, for the first time, during the time period of December of 2016 and January of 2017.

5.10 Plaintiffs relied upon the representations of Defendants and those under the authority and control of Defendants concerning the statements of the profitability of said Cascade Health Services, PLLC, prior to making said investments that totaled $337,500, plus the BHG loan guarantee.

5.10.1 Plaintiffs had a right to relay on the representations of Defendants, and others under the authority and control of Defendants based on their personal knowledge of the profitability of medical clinics and the practice of medicine.

5.10.2 Plaintiffs had a further right to rely on the representations of Defendant Malik based on their longstanding friendship with said Defendant. Furthermore, Plaintiffs had a right to rely on those persons, including Omear Khalid, who had been represented to the Plaintiffs as being affiliated with the Goldman Sachs firm and a person who possessed extensive knowledge of finance and business management. Finally, Plaintiffs had a right to rely on the legal advice of Andrew Lebwohl, who

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represented that he was an attorney licensed to practice law and had a specialty in business operations, etc.

VI.

THIRD CAUSE OF ACTION
BREACH OF EXCEPTION OF DISCHARGE AS A RESULT OF FRAUD OR DEFALCATION WHILE ACTING IN A FIDUCIARY CAPACITY. 11 U.S.C § 523(a)(4)

6.0 All previous allegations by this reference are restated as though fully set forth herein.

6.1 Defendant Malik as the 100% owner and manager of Cascade Health Services, PLLC and its sole member manager owed a fiduciary duty not only to said business entity, but those parties including Plaintiffs who loaned money or gave loan guarantees premised upon representations made by Defendants.

6.2 Defendant Malik engaged the services of Omear Khalid to act as the chief executive officer of Cascade Health Services, PLLC.

6.2.1 Defendant Malik ratified the acts of Omear Khalid at the time in which Plaintiffs were relying upon direct representations made Defendants and/or Omear Khalid acting as chief executive officer thereof.

6.2.2 With the knowledge and consent of Defendants, Andrew Lebwohl, believed to be a New York attorney, was engaged to serve as the

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strategic and operational officer as well as general counsel of Cascade Health Services, PLLC.

6.2.2.1 Andrew Lebwohl was not at any time material a Washington licensed attorney.

6.3 As the manager of Cascade Health Services, PLLC, Defendants signed the BHG loan documents including the Statement of Purpose. The Statement of Purpose contained within the BHG loan documents was "practice expansion."

6.4 Defendants were aware that Plaintiffs agreed to guarantee the BHG loan on the representation and belief that said loan proceeds would be used for "practice expansion," namely the creation of a new primary care clinic.

6.5 Defendant Malik was aware that the actual purpose of the BHG loan was to pay existing business expenses and for payments directly to himself and other insiders, including Omear Khalid and Andrew Lebwohl.

6.6 Defendant Malik submitted a financial statement in support of the BHG loan that was relied upon by BHG in forming its decision to loan monies to Cascade Health Services, PLLC.

6.7 Defendant Malik applied for equipment finance loan and/or finance lease from EverBank during March of 2016 from EverBank.

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6.7.1 Defendant Malik was aware that Plaintiffs were never requested to sign the EverBank loan as guarantors.

6.7.2 Defendant Malik was aware that Plaintiffs did not actually sign the EverBank loan guarantee or consent either verbally or in writing that their names be affixed to said loan documents as guarantors.

6.8 Allowing, ratifying, or directly affixing the names of Plaintiffs to the EverBank loan/equipment finance lease, Defendant Malik breached his fiduciary duties to not only Plaintiffs but also to EverBank.

6.9 By allowing the proceeds of the BHG loan to be used for purposes that were inconsistent with practice expansion was a breach of its fiduciary duty to Plaintiffs.

6.10 Plaintiffs and Defendants entered into a Joint Venture Agreement, which included the formation of Plaintiff Naseer and Amin PLLC as a material part thereof as a means by which to secure the investment of $200,000 from said Plaintiffs.

6.10.1 The stated purpose of the joint venture was for the creation and operation of a primary care clinic to be located in Sequim, Washington.

6.10.2 Defendant Malik had a fiduciary duty to the Plaintiffs and to the joint venture as well as Cascade Health Services, PLLC to carry out the terms and conditions as set forth within said Joint Venture Agreement.

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6.10.3 Defendant Malik was aware that Plaintiff Naseer and Amin PLLC operating by and through Plaintiffs Amin and Naseer were to make investments in to said joint venture in the total amount of $200,000.

6.11 Defendant Malik had a fiduciary duty to use the proceeds of the Plaintiffs' investment into the joint venture in a manner consistent with and approved by said joint venture.

6.12 Defendant Malik on or about October 5, 2016 made representations to Plaintiff Amin that resulted in an investment in the amount of an additional $137,500, and that the additional monies were needed for certain specified purposes.

6.12.1 On or before October 5, 2016, Defendant Malik, and others acting on his behalf were aware that Cascade Health Services, PLLC was not profitable and had liabilities in excess of assets.

6.13 Defendant Malik on or about November 7, 2016 made representations to Plaintiff Amin that resulted in an investment in the amount of an additional $37,500, which is made on the specific assurance that Cascade Health Services, PLLC was operating profitably other than the short term financial problems associated with the billing company.

6.14 Specific representations made by Defendant Malik during the time period of October and November of 2016 were that the primary care clinics

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operated by Cascade Health Services, PLLC were, generally profitable, and were "turning the corner."

6.14.1 At no time did Defendant Malik, or others acting on his behalf, represent that said primary healthcare clinics were hopelessly insolvent.

PRAYER FOR RELIEF

Based on the foregoing, Plaintiffs pray for the following relief:

A. Plaintiffs pray that Defendants be denied a discharge of the debt owed to Plaintiffs PURSUANT TO 11 U.S.C. § 523(a)(2)(A) and (B); (a)(4), as follows;

B. That Defendants be denied a discharge of the amount of the investment of $200,000 paid pursuant to the Joint Venture signed by Plaintiff Naseer and Amin, PLLC by and through its members Plaintiffs Amin and Naseer;

D. That Defendants be denied a discharge of the amount of the personal guarantees given by Plaintiffs Amin and Naseer to BHG, in consideration of the loan designated for "practice expansion" in an amount to be determined;

E. That Defendants be denied a discharge of the value of the EverBank loan that contains a forged personal guarantee of Plaintiffs Amin and Naseer;

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F. That Defendants be denied a discharge of the additional monies paid by Plaintiff Amin to Cascade Health Services, PLLC during the months of October and November of 2016 in the total amount of $137,500; and

G. Granting such other and further relief that the Court deems just and proper for equitable remedies in which Plaintiffs are entitled.

DATED this 30th day of May, 2017.

PAINE HAMBLEN, LLP

By: s/ Gregg R. Smith
GREGG R. SMITH, WSBA #15553
Attorneys for Adnan S. Amin, Osama B. Naseer and Naseer and Amin, PLLC

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